



OFFICE OF

In the Matter of

INSURANCE COMMISSIONER No. G 2003-107

WESTERN UNITED LIFE ASSURANCE
COMPANY,

A Washington domestic insurer.

CONSENT ORDER FOR SUPERVISION
OF A DOMESTIC INSURER

The Office of the Insurance Commissioner for the State of Washington ("OIC") has received information that Western United Life Assurance Company ("Western United" or "Respondent") is part of a holding company system in which certain non-insurance affiliates are threatened with insolvency. See WAC 284-16-310(7); RCW 48.31.030(5). The OIC and the Respondent wish to protect the policyholders of Western United and reduce the possibility of any adverse consequences to the insurer, its creditors, and the public because of the financial condition of certain of its non-insurance affiliates. In order to resolve this matter without the commencement of formal court proceedings, the Respondent admits the following Stipulations are true and consents to the entry of this Order.

STIPULATIONS

1. Respondent, Western United Life Assurance Company, is domiciled in Washington and presently holds a certificate of authority issued by the OIC to transact life insurance business.

2. Respondent recognizes and consents to the jurisdiction of the OIC and acknowledges that grounds exist for the OIC to issue this Consent Order under Title 48 of the Revised Code of Washington and Title 284 of the Washington Administrative Code.

3. Respondent is an indirect wholly-owned subsidiary of Metropolitan Mortgage & Securities Co., Inc. ("Metropolitan"), a holding company with the same controlling party as Summit Securities, Inc. ("Summit"). Metropolitan has a certain Management, Receivables Acquisition and Underwriting Agreement with Respondent (the "Agreement"). Both Summit and Metropolitan are currently experiencing financial difficulties, whereby they anticipate that forecasted cash flows will be inadequate to meet certain debt obligations. In a Press Release dated November 3, 2003, Metropolitan and Summit temporarily suspended payments of monthly dividends on all series of the company's preferred stock. The Press Release indicated that the dividend suspension was part of Metropolitan's and Summit's efforts to conserve liquidity, and that the companies had cash of approximately \$19 million and estimated its cash needs over the next three months for operations and maturing obligations to be approximately \$37 million. The Press Release also stated that Summit and Metropolitan had engaged financial advisors to assist in evaluating their strategic options.

4. The OIC is currently performing a limited scope examination of Respondent as of September 29, 2003 pursuant to Title 48 of the Revised Code of Washington, to ascertain the nature and extent of affiliate exposures to Summit and Metropolitan, and to evaluate the impact on Respondent's financial condition should Summit and Metropolitan's financial condition continue to deteriorate. It is expected that this examination will expand to a full scope examination.

5. Based upon concerns regarding the financial condition of Summit and Metropolitan, and their potential inability to provide capital support and fulfill certain obligations under existing management and service agreements to Respondent, Respondent has consented to the issuance of this Consent Order.

6. The purpose of this Order and the intent of the OIC and the Respondent in entering into this Order is to maintain the financial integrity and independence of the Respondent and to assure that Respondent continues to operate in accordance with the insurance laws of this state.

7. Respondent acknowledges that the purpose of this Consent Order is solely to enter the Order herein and does not preclude any agency, officer or subdivision of this State from instituting such administrative, civil or criminal proceedings as may be appropriate at any time. Respondent acknowledges that nothing herein precludes the OIC from taking any appropriate regulatory action at any time, including but not limited to initiation of delinquency proceedings.

NOW THEREFORE THE INSURANCE COMMISSIONER ORDERS, AND THE RESPONDENT AGREES THERETO, THAT:

8. Respondent will operate in accordance with Title 48 of the Revised Code of Washington and regulations adopted thereunder, and in accordance with this Consent Order.

9. A person or persons, acting on behalf of the OIC, will be identified by the OIC to whom Respondent must report and obtain approvals in accordance with this Consent Order. Respondent also acknowledges that its insurer affiliates, Old West Annuities & Life Insurance Company and Old Standard Life Insurance Company are or will be placed in a similar supervision in their home states, Arizona and Idaho, respectively. The reasonable costs incident to the OIC performing under this Consent Order, as determined by the OIC, shall be charged against the assets and funds of Respondent and shall be paid when fixed and determined by the OIC.

10. The Respondent, its officers, directors, agents, employees, representatives, or those acting in concert with them shall not do any of the following things without the prior approval of the OIC:

- a. sell, dispose of, convey or encumber any of its assets, investments, property, or its business in force;
- b. withdraw any funds from its bank accounts or other depositories;
- c. lend any of its funds or assets;
- d. invest any of its funds or its assets;
- e. transfer any of its property;
- f. incur any debt, obligation or liability, either directly, indirectly, or contingently, except for the issuance of new and renewal insurance contracts in the ordinary course of business;
- g. merge or consolidate any or all of the Respondent's operations with another company;
- h. enter into any new contract, service contract, management contract, agency agreement, or reinsurance contract or treaty;
- i. engage in any transactions with or involving affiliates, including but not limited to purchasing of mortgage loans or acquisition, through foreclosure or otherwise, of property;
- j. issue any securities;
- k. pay any dividends;
- l. increase salaries or benefits of any officer, director, or shareholder; and
- m. pay to any officer, director, or shareholder, any bonus, dividend, or payment deemed preferential by the OIC.

11. Respondent shall have the following additional responsibilities:
 - a. furnish the OIC with a copy of its monthly financial statements and monthly operating reports by the 25th of the month following the month for which such reports are prepared; and
 - b. furnish to the OIC in a timely manner such information as the OIC may request including, but not limited to, Respondent's revenues and outlays, profit and loss projections.
12. Respondent will obtain a commitment from Metropolitan and Summit to maintain Respondent's infrastructure, including but not limited to, appropriate employee retention programs and maintenance of physical facilities or make alternative arrangements satisfactory to the OIC to permit the efficient and continued normal operations by Respondent.
13. This Stipulation shall be effective immediately after being signed by the OIC and shall remain in effect until terminated by mutual written agreement of the parties or by order (upon motion or sua sponte) of the Insurance Commissioner. The parties acknowledge that factors that will affect the likely continuance of the supervision of the Respondent by the OIC include the solvency and credit risks of Respondent's parent companies and affiliates, any issues identified in the ongoing examination, and the general financial condition of Respondent given its type, volume, and nature of business.
14. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.
15. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.
16. Respondent attests its consent to this Stipulation and Order is authorized and evidenced by a duly adopted resolution of the Board of Directors and the signatures of the required number of members of the Board of Directors affixed hereto.
17. This Consent Order may be signed in counterparts.

IT IS SO ORDERED, THIS 24th DAY OF DECEMBER, 2003.

Mike Kreidler
Insurance Commissioner

A handwritten signature in black ink, appearing to read "Mike Kreidler", is written over a horizontal line.

IT IS CONSENTED THERETO BY THE BOARD OF DIRECTORS OF
WESTERN UNITED LIFE ASSURANCE COMPANY.

Cantwell Paul Sandfur, Jr.

RESIGNED

Date: _____

Reuel Swanson

Reuel Swanson

Date: 12/22/03

John Van Engelen

John Van Engelen

Date: 12/22/03

Irv Marcus

Irv Marcus

Date: 12-22-03

Robert Stephen Corker

Robert Stephen Corker

Date: 12/22/03

Gary Brajcich

Gary Brajcich

Date: 12-22-03

John Trimble

John Trimble

Date: 12/22/2003

Sam Smith

Samuel X. Smith

Date: 12/22/2003

William Snider

RESIGNED

Date: _____